

HIGHLIGHTS OF THE FY 1997 TRANSPORTATION BUDGET

CONTENTS

<u>SECTION</u>	<u>Page</u>
Overview	1
Federal Highway Administration (FHWA)	9
National Highway Traffic Safety Administration (NHTSA)	11
Federal Railroad Administration (FRA)	13
Federal Transit Administration (FTA)	15
Federal Aviation Administration (FAA)	17
United States Coast Guard (USCG).....	19
Research and Special Programs Administration (RSPA)	21
Maritime Administration (MARAD)	23
Office of Inspector General (OIG)	24
Bureau of Transportation Statistics (BTS)	24
Saint Lawrence Seaway Development Corporation (SLSDC)	24
Office of the Secretary (OST)	25
Surface Transportation Board (STB)	25

TABLES

Appropriations and Obligation Limitations	8
Budget Authority	26
Outlays	27
Full Time Equivalent Employment	28

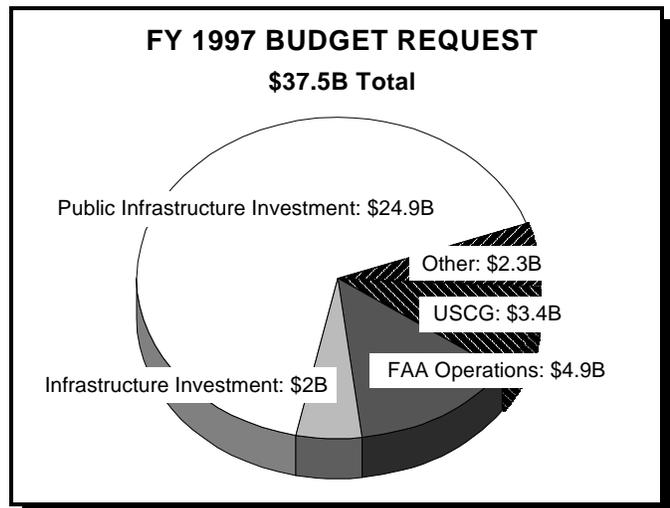
OVERVIEW

The fiscal year 1997 budget request for the Department of Transportation (DOT) reflects the Administration's strong commitment to a streamlined, efficient and effective government.

A total of \$37.5 billion is proposed for investment in transportation programs in FY 1997, slightly higher than in FY 1996 (this includes appropriations, obligation limitations, and mandatory highway obligations). With new aviation user fees, the FY 1997 budget is up \$200 million over FY 1996.

The transportation priorities reflected in the budget are:

- Infrastructure Investment
to keep our economy growing and enhance our global competitiveness
- Safety
to protect all Americans and reduce transportation accidents, injuries and deaths
- Environmental Enhancement
to harmonize transportation policies and investments with environmental concerns
- Technology Development
to accelerate technological advances to further an efficient, safe and environmentally sound transportation system
- Innovative Financing
to ensure that Federal funds go as far as possible
- Workforce Efficiency
to reduce the number of employees while improving effectiveness
- National Security
to help secure our nation's borders and respond decisively to national emergencies



INFRASTRUCTURE INVESTMENT

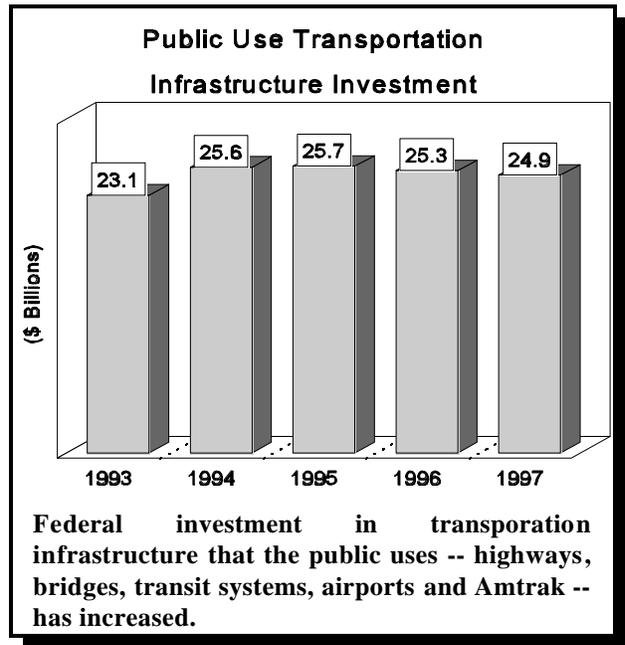
Investment in transportation returns large economic benefits. A well-functioning transportation system reduces the costs of moving people and goods in our country, making products cheaper for American consumers and more competitive in overseas markets.

In FY 1993, the year in which President Clinton took office, Federal investment in transportation infrastructure that the public uses--highways, trains, airports, etc.-- totaled \$23.1 billion. Since then, DOT's public use infrastructure investment has averaged \$25.5 billion -- a 10.6 percent increase in the annual funding level.

The investment includes grants to State and local governments to improve highways, bridges, transit systems, and airports, as well as grants to Amtrak.

The FY 1997 budget emphasizes infrastructure investment: Federal investment in public use infrastructure will total \$24.9 billion. This includes:

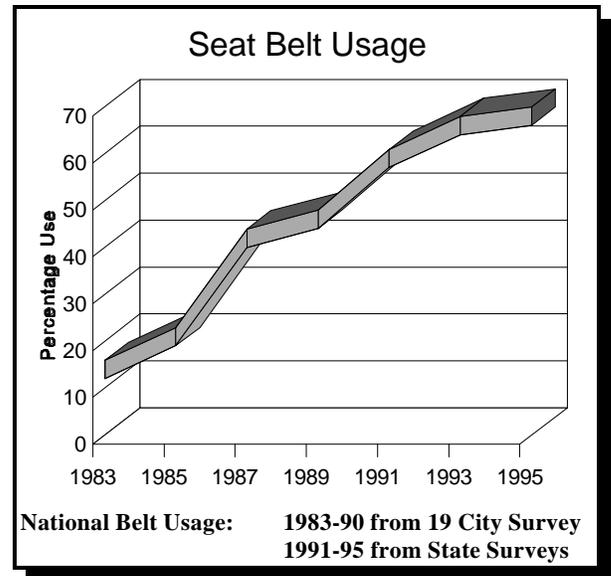
- \$3.65 billion for transit infrastructure, including \$1.65 billion in formula capital grants to transit operators, almost \$1 billion for rail modernization and bus-related investments, \$800 million for new transit systems, and \$200 million to keep the Washington Metro system on track toward completion.
- \$19 billion for Federal-aid Highways, including an obligation limitation of \$17.7 billion. Mandatory programs (those exempt from the limitation or subject to special limitation) total \$1.3 billion -- \$100 million for Emergency Relief, an estimated \$660 million for Minimum Allocation, and \$555 million for authorized demonstration projects.
- \$587 million for Amtrak, including \$290 million to move toward high-speed rail service between Washington, D.C. and Boston by the year 2000.
- \$1.35 billion for Airport Improvement Program grants, which are used to enhance capacity, improve safety and security, and mitigate noise. In addition to these grants, almost 250 airports may collect passenger facility charges (PFCs) totaling over \$900 million in FY 1997. Revenues from PFCs are an important source of capital for many airports.



SAFETY

The Nation has made great progress over the past several decades in improving transportation safety.

- Our highways, which accounted for 94 percent of all transportation fatalities in 1994, have become safer. Fatalities per 100 million vehicle miles traveled have fallen from 2.4 to 1.7 since 1985, or by 32 percent. Three main factors account for this success: a 30 percent reduction in alcohol-related fatalities since 1983; a fivefold increase in safety belt use since 1983; and cars that are far safer than a decade ago as a result of Federally-mandated safety improvements.
- With the passage of the National Highway System Designation Act, States may now set their own speed limits. This is a concern, since excessive speed is linked to highway fatalities. The Department will increase resources available to States for determining the costs of their highway crashes; support passage of tougher State drunk driving and safety belt use laws; and step up training of law enforcement officials.



- DOT has established a “zero accidents” goal for aviation. The Federal Aviation Administration (FAA), together with the airline industry, has produced a Safety Action Plan detailing 173 initiatives to improve aviation safety, such as requiring commuter airlines to meet the same high safety standards as the major carriers. More than 70 percent of these initiatives have been implemented already.

A safe system must also be secure. Recent world events have made DOT even more attentive to potential terrorist threats in all modes of transportation. Despite our substantial progress in transportation safety, fatalities and injuries are still at unacceptable levels. The FY 1997 budget proposes further steps to bring that toll down.

- We propose an increase in funding for the National Highway Traffic Safety Administration’s (NHTSA) highway safety grant programs. The safety grant level of \$194 million includes \$28.2 million for Safe Communities grants, which empower local alliances to prevent traffic crash injuries.
- We propose \$678 million for aviation safety and security programs -- a 12 percent increase over the FY 1996 level. This includes \$39 million for continued research in aircraft structures and materials, \$36 million for security systems research, and \$487 million for flight standards and certification activities, which will allow FAA to increase its safety and certification inspector workforce by 258, eight percent above the current level.
- For rail safety, we propose a new Rail Safety Advisory Committee, which will bring together rail representatives to review rail regulatory and compliance needs.

ENVIRONMENTAL ENHANCEMENT

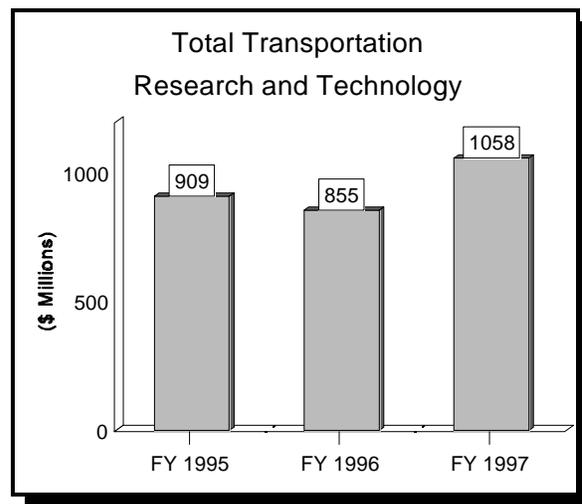
Transportation has a profound impact on the natural environment, but there is much that we can do to make transportation activities cleaner and quieter. This budget continues several important initiatives that contribute to improving environmental quality.

- We request \$1.5 million to develop an environmental impact statement to support future corporate average fuel economy rulemakings.
- We propose \$6.9 million, up \$1.4 million from FY 1996, for development of the Fuel Cell Transit Bus, which will be far less polluting than diesel fuel buses.
- The Department remains committed to cleaning up the environmental problems for which it is directly responsible. For the FAA, we request \$44 million -- a 58 percent increase over FY 1996 -- for replacement and monitoring of underground storage tanks. FAA will replace or remove 1,400 tanks in FY 1997. For the Coast Guard, we request \$25 million -- \$4 million more than the FY 1996 level -- for environmental cleanup at current and former Coast Guard facilities. For Federal Highway Administration (FHWA), we request \$2.5 million to clean up underground storage tank leaks.
- We request \$50 million for Coast Guard oil spill cleanup activities, the same as in FY 1996. The Coast Guard has cut its spill response time and improved its cleanup technology in an effort to minimize the consequences of spills.

TECHNOLOGY DEVELOPMENT

Technological progress is a key to improving the safety and efficiency of the nation's transportation system. We must use our existing infrastructure more wisely. Innovations such as passive tolling, advanced train control, traffic signal synchronization, and automated truck inspection promise to make travel more convenient, safe, economical and environmentally friendly. This budget maintains our strong commitment to transportation technology, with over \$1 billion in funding for research and technology, a 24 percent increase over the FY 1996 level.

- In the \$337 million Intelligent Transportation Systems (ITS) program, the Operation Timesaver Initiative is expected to reduce travel time for half of American commuters by 15 percent by applying the latest traffic control technologies in 75 large cities. This will reduce congestion and related emissions.
- High-speed rail technology development totals \$35.1 million, an increase of \$1.6 million over FY 1996. The goal of the high-speed rail program is to have safe, affordable technologies ready for deployment by the year 2000. Major research areas include non-electric locomotives, advanced train control, and grade crossing safety.



- The budget requests \$80.5 million to continue development of aviation applications for the satellite-based Global Positioning System (GPS). These applications will add precision to landing guidance for aircraft.
- The budget requests \$14.5 million to move the National Advanced Driving Simulator (NADS) into the construction stage. Four million of this total would come from FHWA, the rest from NHTSA. NADS will be the most advanced driving simulator in the world, enabling scientists to better understand driver behavior and devise safety solutions. For example, NADS could help engineers design better warning systems at rail-highway crossings.

INNOVATIVE FINANCING

Government cannot meet all of the nation's infrastructure investment needs alone. The President has encouraged **more private sector involvement** in infrastructure improvement and management of America's transportation system. DOT established the Partnership for Transportation Investment to create new opportunities to supplement Federal funds with private funds and to cut red tape. To date, construction has been accelerated on 74 projects in 35 States, valued at over \$4 billion. The economic benefits of these improvements will be available two to five years sooner than they would have under traditional financing. Additional projects will be identified in FY 1996 and FY 1997, and the Partnership will be broadened to include airport projects.

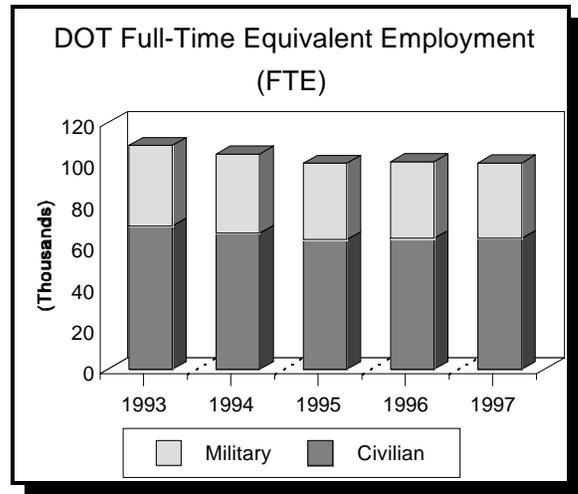
In FY 1996, DOT is implementing authority provided by Congress to establish ten pilot State Infrastructure Banks (SIBs). SIBs are important new tools to leverage substantially more total investment with our Federal funds. The FY 1997 budget continues the commitment to innovative financing by proposing a total of \$250 million to be available to States that elect to implement SIBs.

WORKFORCE EFFICIENCY

One of President Clinton's central goals has been to reinvent the Federal government, making it work better and cost less. The Department has moved forward on both of these tracks.

- FHWA is now approving reimbursements to grantees with electronic signatures, reducing processing time from four days to less than one. Federal Transit Administration (FTA) has reduced its payment turnaround time by 50 percent in the past two years.
- The Federal Railroad Administration (FRA) is using enhanced automation and telecommuting in the field. When fully implemented, automation is expected to increase inspector productivity by four percent and save \$1.8 million annually. Telecommuting has already resulted in the closing of seven field offices.
- We are doing more than in the past, but with fewer people. Our total workforce is smaller by more than 10,000 today compared to the beginning of FY 1993 -- 10 percent of total employment. This reduction reversed the growth that had occurred in the prior four years.
- Several air traffic control automation projects will reduce maintenance costs, save time and fuel for international flights, and speed communication between pilots and controllers.

- The Coast Guard is continuing the process of restructuring its headquarters and major field commands, eliminating or replacing inefficient operational assets. This effort is expected to reduce overhead expenses by \$400 million and trim the workforce by 4,000 by the year 1998.
- Building on the customer service standards implemented in 1994 and 1995, the Department is committed to the reorganization of its field offices to deliver better service and ultimately reduce administrative expenses.
- Redundant, constrictive financial management policies are being cut back. For example, our new automated Travel Management System enables us to capture financial data at its source and to eliminate paper from our travel management process.



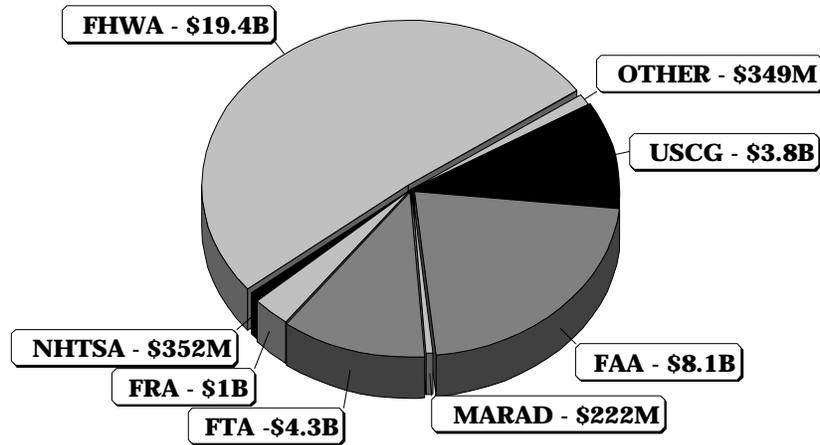
NATIONAL SECURITY

DOT is a critical partner in ensuring national security, through Coast Guard patrol and interdiction activities, FAA air traffic control, Maritime Administration's (MARAD) Ready Reserve Force, and our response to national emergencies.

We are proud of DOT's national security role and this budget keeps that role strong.

- The budget requests \$118.5 million from the defense budget category in support of Coast Guard defense-related missions. These missions are to safeguard the nation's ports, waterways, and waterfront facilities from accidental and intentional damage or destruction. Funds will also support military capability and readiness in support of defense and peacekeeping operations.
- The budget includes \$100 million in support from the defense budget category for the Maritime Security Program to provide operating subsidies for 47 U.S.-flag ships in foreign trade. In national emergencies, these ships will carry military supplies.

FY 1997 DOT BUDGET -- \$37.5 BILLION



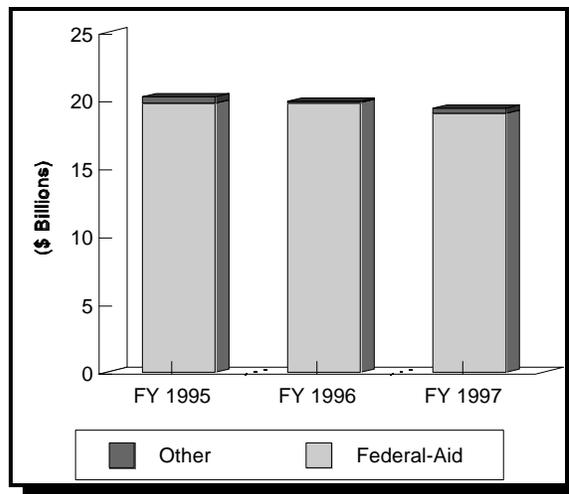
APPROPRIATIONS, OBLIGATION LIMITATIONS AND MANDATORY HIGHWAY OBLIGATIONS IN ANNUAL APPROPRIATIONS ACTS (in Millions of Dollars)			
ADMINISTRATION	FY 1995 ACTUAL	FY 1996 ENACTED	FY 1997 REQUEST
FEDERAL HIGHWAY ADMINISTRATION	17,472	17,622	18,108
BUREAU OF TRANSPORTATION STATISTICS	0	2	3
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION	277	277	352
FEDERAL RAILROAD ADMINISTRATION	1,117	873	1,048
FEDERAL TRANSIT ADMINISTRATION	4,606	4,049	4,296
FEDERAL AVIATION ADMINISTRATION	8,321	8,200	8,103
U.S. COAST GUARD	3,673	3,673	3,751
MARITIME ADMINISTRATION	277	156	222
ST. LAWRENCE SEAWAY DEVELOPMENT CORPORATION	10	10	10
OFFICE OF INSPECTOR GENERAL	40	39	40
RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION	63	55	62
OFFICE OF THE SECRETARY	246	230	233
SURFACE TRANSPORTATION BOARD	0	8	0
SUBTOTAL	36,103	35,195	36,228
FEDERAL-AID HIGHWAYS MANDATORY OBLIGATIONS	2,775	2,309	1,315
COMBINED APPROPRIATIONS, OBLIGATION LIMITATIONS AND MANDATORY HIGHWAY OBLIGATIONS	\$38,878	\$37,504	\$37,543

NOTE: COLUMNS MAY NOT ADD DUE TO ROUNDING.
USER FEE FINANCED ACTIVITIES NOT INCLUDED.

FEDERAL HIGHWAY ADMINISTRATION

The FY 1997 budget request is \$19.4 billion for the Federal Highway Administration (FHWA), including a Federal-aid Highways obligation limitation of \$17.714 billion. Mandatory programs (those exempt from the limitation or subject to special limitation) total \$1.315 billion -- \$100 million for Emergency Relief, \$660 million for Minimum Allocation, and \$555 million for authorized Demonstration Projects.

The Nation's highway system provides essential mobility for travel, commerce, and national defense. The challenge we face today is to maintain the existing highway network with constrained resources. To meet this challenge the FHWA has focused on three main goals: increasing private sector participation in infrastructure financing, targeting Federal funds to the most critical facilities, and implementing cost-saving technologies.



Already, we have:

- Approved over \$4 billion of projects using innovative financing techniques.
- In conjunction with the Office of the Secretary, initiated State Infrastructure Banks to leverage private capital.
- Achieved passage of the National Highway System Designation Act, which focuses funding on nationally significant roads and adds flexibility to Intermodal Surface Transportation Efficiency Act (ISTEA) programs.
- Deployed Intelligent Transportation Systems throughout the country.
- Worked with four States to begin building five bridges using high performance concrete, creating some of the strongest concrete bridges in the country.

FHWA is concerned about the environmental effects of transportation investment. FHWA actively assists all non-attainment and maintenance areas to meet their emissions reduction goals. FHWA has broadened the use of Congestion Mitigation and Air Quality Improvement Program (CMAQ) funds, which can now be used to promote and subsidize emissions-reducing transportation services and for experimental projects.

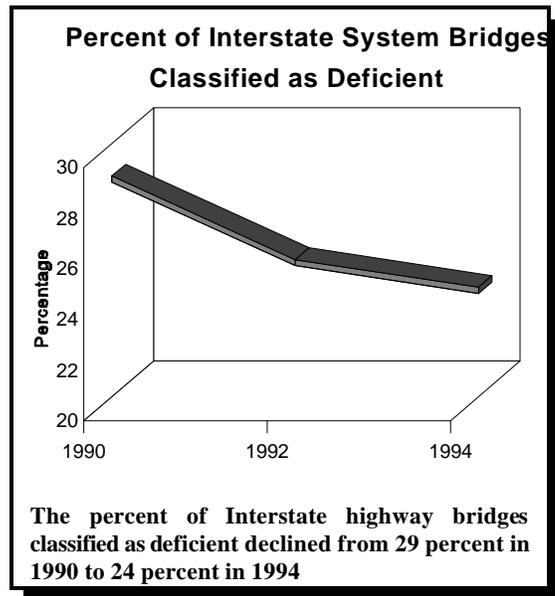
Agency Impact:

Since 1983, the number of days when air pollution exceeded National Air Quality Standards in selected cities declined from more than 1000 city-days to less than 499.

The number of fatalities as a result of large truck or bus crashes steadily declined from 5,734 in 1985 to 5,112 in 1994. The fatal crash rate of these vehicles fell from 3.8 per 100 million miles of travel in 1985 to 2.6 in 1994.

FHWA introduced deep soil mixing methods for stabilizing soft clay, saving tens of millions of dollars on a major highway project.

Despite decreased funding, the Federal Lands Highway Program has improved the condition rating of paved Indian Reservation roads from 62 in 1990 to 75 in 1995.



Highlights of FY 1997 Budget:

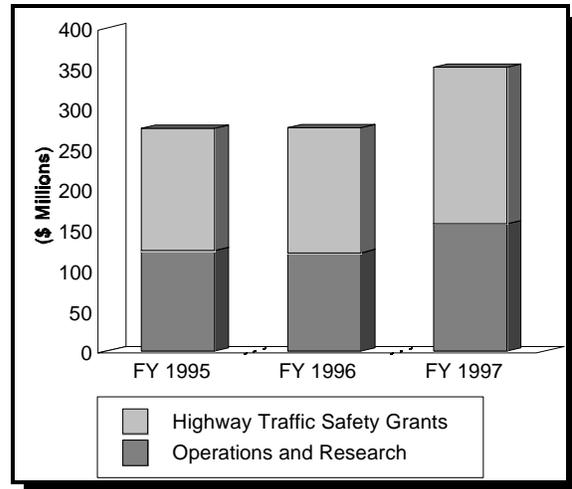
- A \$17.714 billion obligation limitation for the Federal-aid Highway program, which will help to maintain the highways most critical to interstate transportation. Within the limitation \$15 million is set-aside for a congestion pricing pilot program.
- An \$85 million obligation limitation for Motor Carrier Safety grants -- 10 percent increase over the FY 1996 limitation. The additional resources will be focused on enhancing border State truck safety and improving safety inspections in the ten States with the highest truck accident rates.
- \$612.4 million for Research and Technology. This total includes \$337 million for the Intelligent Transportation Systems (ITS) program. The major focus of ITS in FY 1997 will be the Operation Timesaver Initiative, which promises to cut travel time by 15 percent for half of all American commuters. The research budget also funds ongoing programs to improve pavements, strengthen bridges, and automate truck inspection.
- A total special obligation limitation of \$630 million for highway demonstration projects, of which \$555 million applies to projects authorized in permanent law and \$75 million to other projects.
- \$250 million to extend the State Infrastructure Banks (SIBs) program beyond the existing 10 State pilot established by the National Highway System (NHS) legislation. SIBs funds can be used by States to underwrite bonds, enhance credit, and make loans for transportation infrastructure projects.
- \$20 million for States that agree to use their existing contract authority to fund projects in Empowerment Zones and Enterprise Communities.

NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION

The FY 1997 budget request for the National Highway Traffic Safety Administration (NHTSA) totals \$352 million, including \$158 million for Operations and Research and \$194 million for Highway Safety Grants.

Traffic crashes claimed another 41,500 lives in 1995 and their cost to society is at least \$138 billion annually. Although safety belt use is at an all-time high and traffic fatalities involving alcohol have dropped 30 percent since 1983, highway crashes still cause 94 percent of all fatalities and 99 percent of all injuries in the nation's transportation system.

Two emerging demographic trends -- significant growth in both the elderly and teenage populations -- pose increased traffic safety challenges. Nonetheless, NHTSA continues to pursue ambitious safety goals. For example, the Secretary of Transportation recently announced a goal of no more than 11,000 alcohol-involved fatalities by 2005, down from 17,000 in 1995.



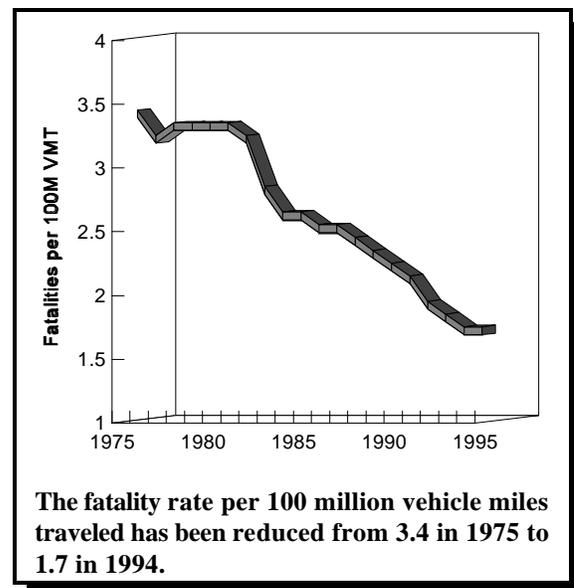
In 1995, NHTSA issued a major regulation requiring improved head impact protection in future vehicles, worked to build a coalition behind the Secretary's new drunk driving goal, and gave grants to seven States to demonstrate effective safety belt law enforcement techniques.

Agency Impact:

- Highway fatalities per 100 million vehicle miles traveled declined by 32 percent between 1985 and 1994.
- Safety belt use rose from 14 percent in 1983 to 68 percent in 1995. The goal for FY 1996 is 75 percent. A 75 percent usage rate would mean approximately 1,000 fewer fatalities annually than if the rate were to remain at 68 percent.

Highlights of FY 1997 Budget:

- \$194 million for Highway Traffic Safety Grants, including \$15 million for highway safety grants previously requested by FHWA. The highlight of this request is \$28.2 million for the Safe Communities program, which supports local organizations that pinpoint local traffic injury



problems and solve them through public information and education efforts.

- \$56.4 million for Research and Analysis, including \$10.5 million to take the National Advanced Driving Simulator (NADS) from the design phase to construction (another \$4 million for NADS is requested by FHWA);

\$21.5 million for the National Center for Statistics and Analysis, which is working to link crash and medical outcome data to determine the true costs of highway accidents; and \$3 million for the National Biomechanics Research Center, which will advance the study of what happens to the human body in highway crashes, leading to safer vehicle design.

- \$3.5 million for the New Car Assessment Program (NCAP), which provides consumers with information on vehicle safety performance. NCAP will continue frontal crash tests in FY 1997, and will expand into side impact and offset frontal crash information.
- \$3 million for the Rail-Highway Crossing Safety Incentive Grant Program, a one-year program which will provide competitive grants for the implementation and evaluation of community-based education and enforcement programs aimed at improving safety at rail-highway crossings.
- \$15.2 million for Campaign Safe and Sober, an ongoing public information, education, and law enforcement program aimed at achieving the Department's alcohol and safety belt goals.
- \$745 thousand to increase the correct use of child safety seats, an effort designed to complement private sector distribution of free child seats.
- \$1.8 million to increase the capacity of the Auto Safety Hotline to handle growing consumer demand for traffic safety information.

FEDERAL RAILROAD ADMINISTRATION

The FY 1997 budget request for the Federal Railroad Administration (FRA) totals \$1.05 billion -- a 20 percent increase over FY 1996. Resources will be used to move Amtrak toward operational self-sufficiency, advance high-speed rail, and continue a strong record of railroad safety improvement.

Safe, efficient passenger rail is a critical part of the nation's transportation system. In heavily populated corridors, passenger rail helps to reduce highway and airport congestion and to improve air quality. In rural areas, passenger rail is the only form of intercity common-carrier transportation for many people.

Higher speed trains may yield enhanced user and public benefits compared to today's trains.

FRA is working to make high-speed rail a reality by:

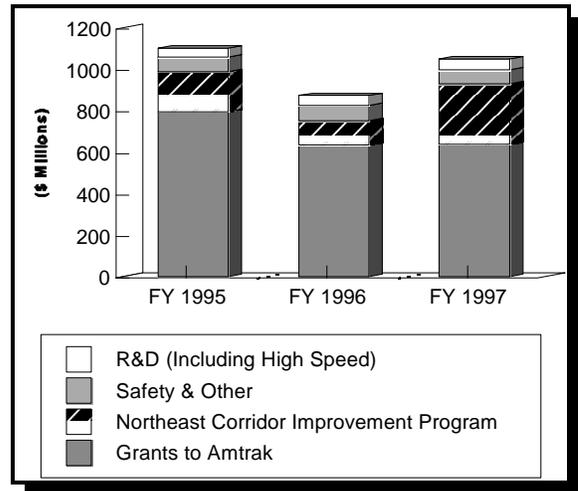
- assisting the development of affordable technology;
- promoting safety;
- assisting State initiatives; and
- extending high-speed rail service from Washington, D.C. to Boston.

In 1995, FRA automated its field communication to improve inspector productivity. FRA also furthered the development of advanced train control systems and non-electric, high-speed locomotives, and launched an innovative financing program to help States use ISTEA dollars for railroad improvement projects which mitigate congestion and improve air quality.

Amtrak took successful steps to improve its financial situation.

In FY 1995 Amtrak:

- **Cut core business expenses by nearly \$318 million on an annualized basis**
 - **Kept ridership and revenue even with FY 1994 despite reducing service by 16 percent**
 - **Improved on-time performance**
-



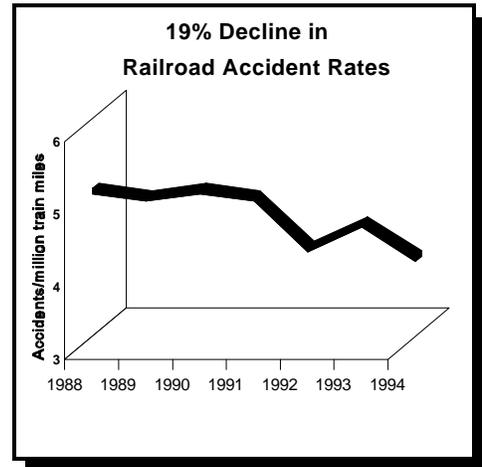
Amtrak improved its on-time performance by 6 percent and retired 212 aging cars and locomotives, substantially reducing maintenance expenses. By strategically reducing service throughout its system, Amtrak avoided a crippling budget deficit and ended the fiscal year with no short-term debt outstanding and a modest cash surplus.

Agency Impact:

Highway-rail crossing fatalities today are half of what they were 20 years ago, but remain a stubborn problem. Included in the Department's Grade Crossing Action Plan is the goal of halving annual crossing accidents and fatalities by 2004 from their 1993 levels of 4,892 and 626, respectively.

The Department's goal for Amtrak is operational self-sufficiency by the year 2002, which will be achieved through a combination of new services, continued streamlining, and capital investment.

By the year 2000, high-speed service will extend from Washington, D.C. to Boston. FRA is pursuing technologies that will reduce the cost of high-speed rail systems to \$2- \$3 million per mile -- 70-80 percent below the cost of the Northeast Corridor upgrade.



Highlights of FY 1997 Budget:

- \$296.5 million for Amtrak capital -- 29 percent higher than FY 1996, and \$342 million for Amtrak operating assistance. Capital investment is the key to reducing Amtrak's operating costs and moving it toward operational self-sufficiency by the year 2002.
- \$200 million for the Northeast Corridor Improvement Program -- up from \$115 million in FY 1996.
- \$80 million for a new dedicated grant for the acquisition of trainsets and related facilities. Trainsets are needed by Amtrak for its extension of high-speed service to Boston, which will begin in the year 2000 and promises to generate substantial new revenue.
- \$26.5 million for the Next Generation High-Speed Rail Program, \$2.4 million above the FY 1996 level. The Next Generation program funds technology development and demonstration in several potential high-speed corridors, and is essential to achieving safe, cost effective high-speed service by the turn of the century.
- \$24.6 million for safety-related Research and Development. Ongoing research encompasses the human factors of train operations, advanced train control technology, and safety issues related to high-speed rail.
- \$200 thousand for the new Rail Safety Advisory Committee, which will bring together government, rail labor and management, manufacturers, and rail organizations to review rail safety regulatory and compliance needs.

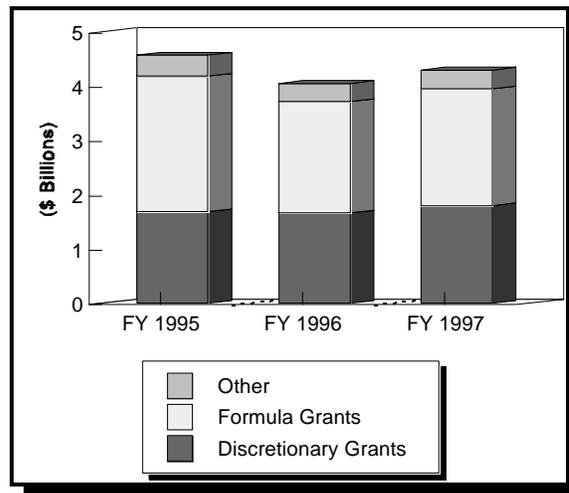
FEDERAL TRANSIT ADMINISTRATION

The FY 1997 budget request for the Federal Transit Administration (FTA) totals \$4.3 billion, which includes \$2.2 billion for Formula Grants, \$1.8 billion for Discretionary Grants, and \$86 million for Transit Planning and Research.

The FTA provides financial assistance nationwide to help meet the national goal of providing mobility to all Americans. While providing access to jobs, health care, and other essential services, bus and rail transit help to alleviate highway congestion.

The FTA is also committed to funding programs that meet the special mobility needs of the elderly, persons with disabilities, and economically disadvantaged individuals.

To accomplish these goals, FTA provides funds to transit operators, State and local governments, and other recipients for the: construction of facilities; purchase of equipment; improvement of technology and service techniques; support of region-wide transportation planning; and defraying the costs of transit operations.

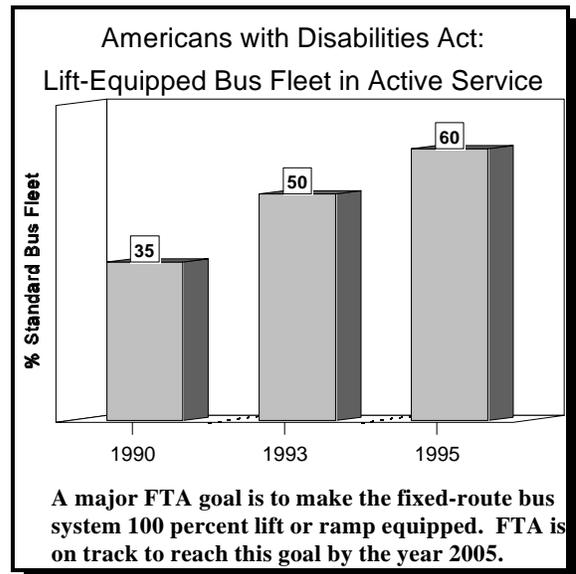


Agency Impact:

- Ten million people use American transit each working day. Another 25 million use transit less frequently, but on a regular basis. Transit provides low-cost transportation to jobs, schools, shops, and health care facilities.
- In urban and suburban areas, transit systems help relieve congestion on crowded roadways.
- In rural areas, over 1,100 transit systems provide vital service to 30 million elderly, working poor, and persons with disabilities.
- Each year, FTA funding supports the purchase of about 5,400 urban buses and paratransit vans, and 2,000 buses for elderly and disabled persons; the replacement and rehabilitation of 7,349 miles of track, 2,271 stations, 119 rail maintenance facilities, and 15,600 railcars; and the extension of rapid rail, busways, light rail, and commuter rail across the country.
- Annually, transit use prevents the emission of over 126 million pounds of hydrocarbons and 156 million pounds of nitrogen oxides from cars.

Highlights of the FY 1997 Budget:

- \$500 million for operating assistance to urban transit systems -- up 25 percent from the level enacted for FY 1996. The \$400 million level has threatened the viability of transit service in several communities.
- \$1.48 billion for formula capital grants to urban areas, essentially the same level as FY 1996. These grants are used for fixed guideway modernization, upgrading of commuter rail facilities, bus and van replacement, and compliance with the Americans with Disabilities Act.
- \$800 million for New Fixed Guideways (New Starts). The New Starts request will initiate Full Funding Grant Agreements for projects in San Francisco, Sacramento, Denver, St. Louis, San Juan PR, and northern New Jersey.
- \$725 million for discretionary grants to fund improvements to heavy and light rail, commuter rail, busway, and ferry facilities.
- \$274 million for discretionary grants to fund bus purchases and repair and construction of bus-related facilities.
- \$22 million for the National Transit Planning and Research Program, to fund innovative technology projects such as the Advanced Technology Transit Bus and fuel cell and battery powered vehicles.
- \$39.5 million for grants to States for use by Metropolitan Planning Organizations in implementing the planning and research activities of ISTEA.
- \$200 million for the Washington Metropolitan Area Transit Authority to continue its "fast track" program to complete the 103-mile authorized Metro system, including the opening of the Blue Line's Franconia/Springfield extension in mid-1997.
- \$10 million for a crime prevention program funded from the Violent Crime Prevention Trust Fund to increase safety and security in public transit.

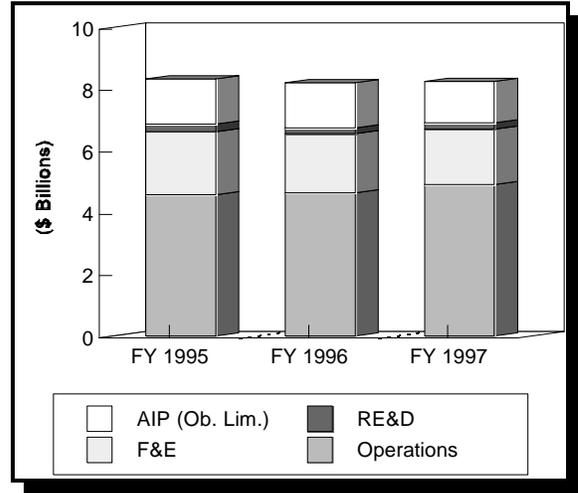


FEDERAL AVIATION ADMINISTRATION

The FY 1997 budget request for the Federal Aviation Administration (FAA) totals \$8.25 billion (including user fees) -- slightly higher than FY 1996.

The request includes \$4.918 billion for Operations (which includes \$150 million in user fees credited to the account); \$1.789 billion for Facilities and Equipment (F&E); \$196 million for Research, Engineering and Development (RE&D); and \$1.35 billion for Airport Improvement Program (AIP) grants.

FAA is undertaking a series of unprecedented reforms in its personnel and procurement systems. These reforms will enable FAA to operate more efficiently, thereby increasing productivity and saving taxpayer dollars. In addition to these reforms, the budget asks users to pay fees toward the services they receive. This would permit the FAA to be less reliant on annual appropriations. Aviation users would assume more of a role in the financial support of aviation services.



Agency Impact:

- FAA's workload is projected to increase in FY 1997. From FY 1996 to FY 1997, commercial flights are estimated to increase from 24.4 million to 25.3 million, passenger enplanements from 598 million to 632 million, and general aviation flights from 36.2 million to 36.6 million.
- FAA has established a zero accident goal and is aggressively taking action to reach that goal. FAA performs more than 325,000 inspections and takes approximately 12,000 enforcement actions annually.
- More than 1,000 airport grants are awarded annually to improve airport safety and infrastructure.
- FAA promotes safety and increases capacity through the modernization of the National Airspace System.
- FAA has been one of the Department's leaders in reducing its workforce. At the beginning of FY 1993, FAA had almost 52,400 full-time employees on board. FAA now has about 47,300 total employees, a reduction of 5,100 since 1993.

Highlights of the 1997 Budget:

- **Operations:** \$4.918 billion, which includes \$150 million in user fees. This is a 6 percent increase over FY 1996 and will provide for mandatory cost increases and additional staffing in the controller, safety and certification inspector, and field maintenance workforces.

- FAA proposes to increase staff in several critical safety areas in FY 1997. The air traffic controller staff will increase by 250 to 17,300; field maintenance personnel by 134 to 8,401; and safety and certification inspectors by 258 to 3,595. The increases will allow FAA to handle the growth in aviation activity and to make new air traffic control equipment fully operational.
- \$90 million to make operational the new air traffic control and aeronautical navigation equipment now being delivered as part of the modernization of the air traffic control system. The new equipment and facilities will provide improved services in communications, automation, surveillance, navigation and landing aids, and weather.

- **Facilities & Equipment:** \$1.789 billion to continue to improve and modernize the infrastructure of the national airspace system. The request includes:

~ \$41 million to provide air traffic services to aircraft flying over the Pacific, Atlantic, and Arctic Oceans. This program will lead to the introduction of free flight in ocean airspace, and will increase capacity to meet future growth.

~ \$72 million for the standard terminal automation replacement system for low to medium terminal radar approach control facilities. This system will provide a fully digital infrastructure to modernize terminal control facilities.

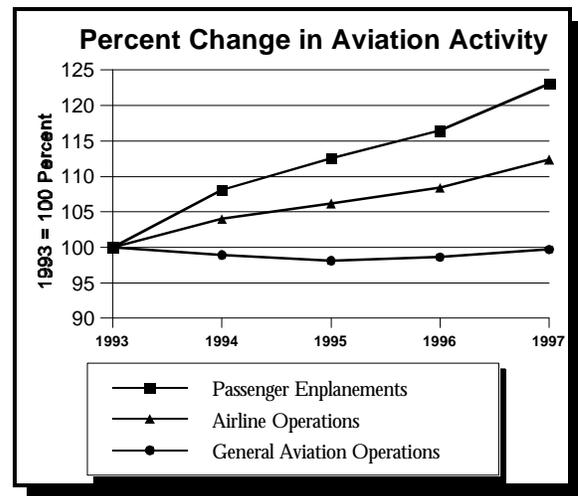
~ \$117 million for voice switching and control systems. This is an integrated air/ground voice communications system which replaces mechanical switches and improves controller-pilot communication channels.

~ \$74 million to complete procurement and fielding of the wide area augmentation system initial operating system. This will allow the Global Positioning System to be used in the national aviation system. The anticipated savings to the government and aviation users is approximately \$5 billion over the next 10 years.

~ \$213 million for en route automation, which includes the display system replacement, an upgrade of controller workstations that will increase capacity and reduce maintenance costs.

~ \$81 million for environmental and occupational safety projects.

- **Research, Engineering, and Development:** \$196 million, which includes \$39 million for continued research in aircraft structures and materials, and \$36 million for systems security research.
- **Grants-in-Aid for Airports:** \$1.35 billion for airport improvement grants to enhance capacity, improve safety and security, and mitigate noise. In addition to these grants, 250 airports have been approved to collect passenger facility charges (PFCs) totaling over \$900 million in FY 1997. Revenues from PFCs are an important source of capital for many airports.



UNITED STATES COAST GUARD

The FY 1997 budget request for the United States Coast Guard totals \$3.8 billion, including \$50 million from the Oil Spill Liability Trust Fund.

The mission of the Coast Guard is to protect the public, U.S. economic interests, and the environment -- at sea, along the Nation's coasts, in U.S. ports and waterways, and internationally.

Agency Impact:

The Coast Guard enhances national security and quality of life for all citizens by ensuring safe recreational and commercial boating, facilitating efficient maritime transportation, maintaining law and order, protecting U.S. natural resources, and improving the nation's economic well-being.

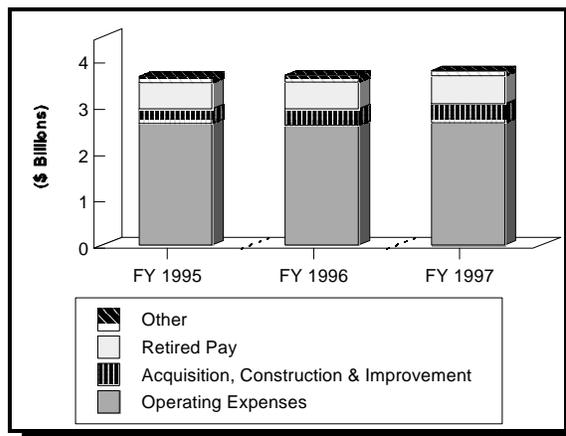
In 1995, the Coast Guard:

- Saved 4,450 lives (an average of one life every 2 hours), assisted 98,900 persons in distress, saved nearly \$2.6 billion in property, and protected \$4.7 billion in property.
- Interdicted 5,356 illegal migrants, confiscated 23 tons of marijuana, confiscated nearly 49,000 pounds of cocaine, conducted 51 drug seizure cases, and conducted 12,634 fisheries boardings.
- Conducted 16,976 pollution investigations, supervised 757 Federally-funded cleanups; monitored 4,856 cargo transfer operations; inspected 3,869 facilities, 38,142 U.S. vessels and 9,000 foreign vessels; enrolled 348,329 persons in boating education courses; and conducted 226,336 courtesy marine examinations.
- Serviced 39,059 Federal floating and fixed navigation aids, and monitored 1,025,098 Vessel Traffic Service (VTS) system transits.

Highlights of FY 1997 Budget :

Consistent with the President's goal to balance the budget, the Coast Guard is embarked on a multi-year streamlining plan to reduce administrative overhead without reducing services to the public. The FY 1997 request assumes over \$54 million in savings, including streamlining efforts. Included in the request is the reduction of approximately 800 military and civilian FTE, a two percent decrease in the size of the Coast Guard's workforce. The FY 1997 request includes:

- \$2.64 billion to fund the continued operation and maintenance of a wide range of vessels, aircraft, shore units, and aids to navigation.

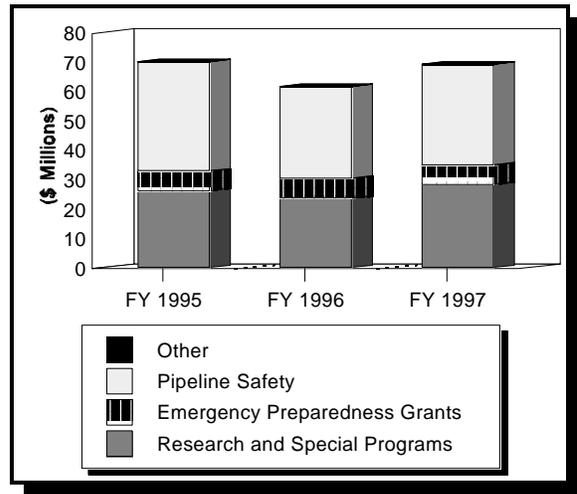


- \$412 million, to be offset by up to \$20 million from the sale of the Coast Guard Electronics Engineering Center located in Wildwood, New Jersey, for capital investments in the Coast Guard's vessel, aircraft, boat fleets and related equipment; shore facilities; and information management resources.
- \$25 million to carry out the most urgent of the Coast Guard's backlog of over \$140 million in environmental cleanup projects at former and current Coast Guard facilities.
- \$66 million to fully train, support, and sustain a ready military Selected Reserve Force of 8,000 members.
- \$20.3 million for research, development, test and evaluation of technologies, materials, and human factors directly relating to improvement of Coast Guard mission performance and delivery of services to the public.
- \$45 million for Boat Safety grants. Proposed legislation will make \$45 million in grants available to States from the Aquatic Resources Trust Fund, as a mandatory appropriation.
- \$608 million for Retired Pay, which includes annuities and medical care for retired military personnel and former Lighthouse Service members, their dependents, and survivors.
- \$2 million for alteration of railroad bridges. The Federal share of highway bridges will be financed from program funds of the FHWA, under the continuing program direction of the Coast Guard.
- \$60 million, available without further appropriation, from the Oil Spill Liability Trust Fund, for spill cleanup and initial damage assessment, including \$10 million for the payment of uncompensated claims of damages from oil spills.

RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION

The total FY 1997 request for Research and Special Programs Administration (RSPA) is \$69 million, including \$47 million for safety programs, \$7 million in mandatory budget authority to support planning and training grants to States for emergency preparedness, and \$7 million for intermodal transportation research and technology. Over 60 percent of the RSPA budget is funded by user fees paid by those who directly benefit from RSPA programs.

In 1995, RSPA played a key role in harmonizing international regulations for hazardous materials transportation, initiated a bold risk management approach to improving the safety of the Nation's pipelines, and coordinated the massive DOT response to the recent hurricanes and floods across the nation.



Agency Impact:

RSPA is working to:

- Reduce the numbers of natural gas and hazardous liquid pipeline failures by two percent per year.
- Maintain the safety record of zero fatalities caused by natural gas and hazardous liquid pipeline failures, and reduce by two percent per year total injuries in all pipeline failures.
- Decrease the percentage of compliance reinspections leading to enforcement cases from 25 percent of all reinspections in FY 1995 to less than 20 percent of reinspections in FY 1997.

Highlights of FY 1997 Budget:

- \$14 million for a consolidated State Pipeline Safety grant program, including \$1.0 million for States to continue one-call response programs. One-call programs, "Call before you Dig" and "Ms. Utility," are a single source of information for excavators and others to use. External damage is the single largest cause of pipeline failures in this country.
- \$2.5 million for pipeline environmental support. Funds will be used to continue oversight of pipeline operators' ability to respond and mitigate the environmental and property damage from pipeline spills. RSPA reviews and approves spill response plans, and conducts periodic exercises to measure the adequacy of those plans.

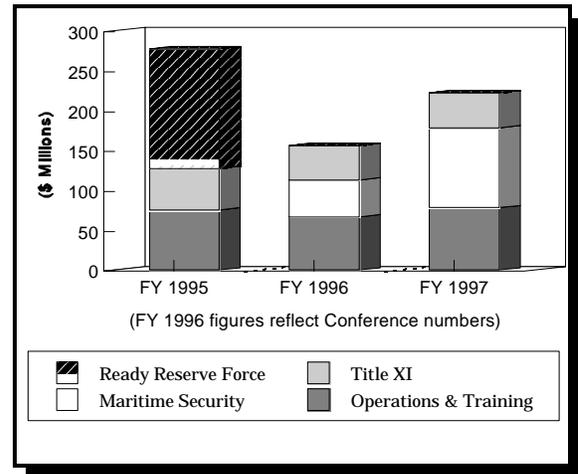
- \$1.9 million for pipeline risk management, which is a regulatory alternative that gives pipeline operators the flexibility to assign resources to areas that pose the greatest potential risk. To enhance risk management, the request includes \$1.75 million for pipeline safety information systems.
- \$12.8 million for the Hazardous Materials Safety program that supports efforts to improve the safety of hazardous materials shipments, both domestic and international.
- \$1 million for Emergency Transportation support. An upgraded Crisis Management Center provides communications support to other Federal, State and local emergency response centers during disasters, and provides the Department with critical data from which to make timely and informed decisions on restoring transportation infrastructure.
- \$7.4 million for research and technology support -- an increase of \$4 million over FY 1996. Major projects include research on multimodal transportation systems, pipeline corrosion protection, advanced materials for transportation applications, and the use of robotics and automation in transportation management.
- \$6.9 million for Emergency Preparedness grants to States. These grants are used to train hazardous materials responders.

MARITIME ADMINISTRATION

The FY 1997 budget request for the Maritime Administration (MARAD) is \$222 million -- a 42 percent increase (\$66 million) over the FY 1996 Conference level. Most of this increase is due to the Maritime Security Program.

Agency Impact:

- Since 1993, MARAD has approved over \$1.5 billion of Title XI financing for 144 vessels and three shipyard modernization projects under the President's National Shipbuilding Initiative.
- The Ready Reserve Force (RRF) is a key element of strategic sealift, transporting military equipment and initial resupply for forces deployed anywhere in the world, during the critical period before commercial ships can be marshaled. RRF response time during the Bosnian peacekeeping effort averaged only two days.



Highlights of the FY 1997 Budget:

- \$100 million in support from the defense budget category to provide operating assistance to 47 vessels under the new Maritime Security Program. Vessels supported by this program are counted on to carry military cargo during national emergencies.
- \$40 million for the Title XI program to cover the subsidy costs of loan guarantees for U.S.-flag and export ship construction and for shipyard modernization in FY 1997. The appropriation will support almost \$600 million in loan guarantees.
- \$78.1 million for support of the U.S. Merchant Marine Academy and State maritime schools, management of maritime promotional programs, and research and development.
- The Ready Reserve Force is now managed by MARAD, but funded in the DOD budget. With the \$357.1 million requested by DOD, MARAD will maintain the current readiness level of the fleet and continue new acquisitions of Roll on/Roll off ships.

OFFICE OF INSPECTOR GENERAL

The FY 1997 budget request for the Office of Inspector General is \$39.8 million to support audit, inspection, evaluation, and investigative activities. This is an increase of \$987,000 from FY 1996.

BUREAU OF TRANSPORTATION STATISTICS

The FY 1997 budget request for the Bureau of Transportation Statistics (Bureau) is for \$3.1 million to be appropriated from the Airport and Airway Trust Fund. An additional \$25 million of contract authority is made available from the Highway Trust Fund, for a total program of \$28.1 million. The Bureau's work consists of compiling, coordinating, and publishing transportation statistics.

In 1995 the Bureau acquired the Office of Airline Information (OAI) from the Research and Special Programs Administration in DOT. OAI collects financial and operational information from America's certificated airlines. General funds have been used to support OAI in the past; this year, funds are sought from the Airport and Airway Trust Fund.

In 1996 the Bureau acquired the Motor Carriers Financial Statistics program as a result of the Interstate Commerce Commission sunset. This function collects information about the financial condition of interstate motor carriers.

Key activities of the Bureau for FY 1997 include analysis and development of products from both the commodity flow survey and the American travel survey (passenger flow), and compilation and analysis of State and metropolitan area transportation data.

SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION

For FY 1997, \$10.1 million is requested for the Saint Lawrence Seaway Development Corporation (the Corporation) from the Harbor Maintenance Trust Fund. These funds, together with an estimated \$900 thousand in revenues and \$1.2 million of the Corporation's reserves, will finance the Corporation's FY 1997 activities, including the Great Lakes pilotage functions delegated by the Secretary.

The Corporation's program consists of \$10.9 million for the operation and maintenance of the U.S. portion of the St. Lawrence Seaway. The corporation plans \$1.3 million in replacements and improvements for FY 1997, including \$770 thousand to upgrade stiffleg derricks at the Eisenhower and Snell Locks.

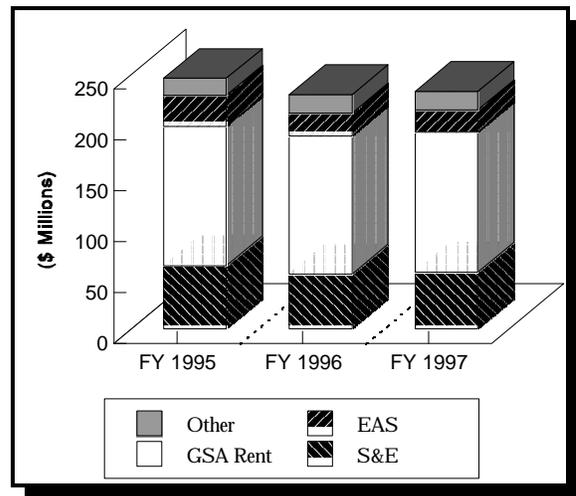
The Corporation has been selected as a "performance-based organization" (PBO) candidate. Subject to Congressional approval, PBO's will be freed from several governmentwide budget, personnel, and procurement rules, and allowed to restructure along the lines of private-sector companies.

OFFICE OF THE SECRETARY

The FY 1997 budget request for the Office of the Secretary (OST) totals \$233 million (excluding a \$1 million rescission).

Highlights of FY 1997 Budget:

- \$55.2 million for Salaries and Expenses, (S&E) which supports 496 FTE -- 69 FTE below the FY 1996 level. The request reflects a shift of 49 FTE in the Office of Administration and 9 FTE in the Office of the General Counsel to the Transportation Administrative Service Center (TASC). The TASC was created as a result of a National Performance Review effort to make administrative functions entrepreneurial, competitively priced and customer-focused. An additional reduction of 11 FTE reflects the Department's commitment to downsizing the Federal government.
- \$7.9 million -- the same as the FY 1996 level, for Transportation Planning, Research, and Development. The request includes \$2.8 million for studies to support the formulation of national transportation policies. Systems development would receive \$5.1 million.
- \$21.9 million in obligational authority for the Essential Air Service (EAS) program, which will fund air service to communities located more than 70 miles from the nearest hub airport.
- \$4.8 million for the Minority Business Resource Center (MBRC) activities, including \$1.9 million to support a \$15 million short-term lending program to assist disadvantaged, minority and women-owned transportation-related businesses, and \$2.9 million for the MBRC Outreach program, including a clearinghouse for the national dissemination of information on transportation-related projects and grants to minority educational institutions.
- \$137.6 million for GSA rental payments, excluding those of the FHWA and MARAD.



SURFACE TRANSPORTATION BOARD

The FY 1997 budget request for the Surface Transportation Board (the Board) totals \$15.344 million, which will be fully financed by user fees. The Board was established January 1, 1996, by the ICC Termination Act of 1995. The Board is responsible for the economic regulation of the rail and pipeline industries and certain non-licensing regulation of highway and water carriers. The new law empowers the Board to promote deregulation administratively.

BUDGET AUTHORITY (IN MILLIONS OF DOLLARS)			
ADMINISTRATION	FY 1995 ACTUAL	FY 1996 ENACTED	FY 1997 REQUEST
FEDERAL HIGHWAY ADMINISTRATION	21,268	17,952	22,367
BUREAU OF TRANSPORTATION STATISTICS	0	2	3
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION	321	297	350
FEDERAL RAILROAD ADMINISTRATION	947	864	1,041
FEDERAL TRANSIT ADMINISTRATION	4,572	4,049	5,366
FEDERAL AVIATION ADMINISTRATION	6,852	8,917	8,103
UNITES STATES COAST GUARD	3,701	3,764	3,856
MARITIME ADMINISTRATION	182	199	247
ST. LAWRENCE SEAWAY DEVELOPMENT CORPORATION	10	10	10
OFFICE OF INSPECTOR GENERAL	40	39	40
RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION	69	62	69
OFFICE OF THE SECRETARY	239	223	232
SURFACE TRANSPORTATION BOARD	0	15	0
SUBTOTAL	38,202	36,394	41,683
DEDUCT: PROPRIETARY RECEIPTS FROM THE PUBLIC	(143)	(131)	(159)
TOTAL	\$38,058	\$36,268	\$41,531

NOTE 1: COLUMNS MAY NOT ADD DUE TO ROUNDING

OUTLAYS (IN MILLIONS OF DOLLARS)			
ADMINISTRATION	FY 1995 ACTUAL	FY 1996 ENACTED	FY 1997 REQUEST
FEDERAL HIGHWAY ADMINISTRATION	19,501	20,439	19,799
BUREAU OF TRANSPORTATION STATISTICS	0	1	3
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION	277	302	331
FEDERAL RAILROAD ADMINISTRATION	1,035	909	1,041
FEDERAL TRANSIT ADMINISTRATION	4,437	4,470	4,286
FEDERAL AVIATION ADMINISTRATION	9,206	8,551	8,362
UNITED STATES COAST GUARD	3,670	3,631	3,736
MARITIME ADMINISTRATION	446	464	313
ST. LAWRENCE SEAWAY DEVELOPMENT CORPORATION	11	10	11
OFFICE OF INSPECTOR GENERAL	39	39	40
RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION	58	55	69
OFFICE OF THE SECRETARY	238	239	233
SURFACE TRANSPORTATION BOARD	0	17	0
SUBTOTAL	38,918	39,129	38,225
DEDUCT: PROPRIETARY RECEIPTS FROM THE PUBLIC	(143)	(131)	(159)
TOTAL	\$38,777	\$38,994	\$38,063

NOTE 1: COLUMNS MAY NOT ADD DUE TO ROUNDING

**FULL TIME EQUIVALENT EMPLOYMENT
(FTE)**

ADMINISTRATION	FY 1995 ACTUAL	FY 1996 ENACTED	FY 1997 REQUEST
FEDERAL HIGHWAY ADMINISTRATION	3,604	3,733	3,733
BUREAU OF TRANSPORTATION STATISTICS	26	45	60
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION	642	653	632
FEDERAL RAILROAD ADMINISTRATION	714	735	726
FEDERAL TRANSIT ADMINISTRATION	485	528	517
FEDERAL AVIATION ADMINISTRATION	48,375	48,555	48,820
UNITED STATES COAST GUARD CIVILIAN MILITARY	43,138 [5,827] [37,311]	43,327 [6,030] [37,297]	42,484 [5,738] [36,746]
MARITIME ADMINISTRATION	1,062	1,065	1,055
ST. LAWRENCE SEAWAY DEVELOPMENT CORPORATION	158	163	164
OFFICE OF INSPECTOR GENERAL	438	440	440
RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION	845	862	858
OFFICE OF THE SECRETARY TRANSPORTATION ADMINISTRATIVE SERVICE CENTER	995 [287]	1,024 [299]	948 [330]
SURFACE TRANSPORTATION BOARD	NA	102	134
TOTAL	100,482	101,232	100,571
CIVILIAN	63,171	63,935	63,825
MILITARY	37,311	37,297	36,746